

Appendix 1

**AGREEMENT CONCERNING THE ALLOCATION
OF SPECIFIC RESPONSIBILITIES
UNDER THE _____ 2005,
CONSENT DECREE IN CIVIL ACTION NO. _____
UNITED STATES DISTRICT COURT, DISTRICT OF WYOMING**

This Agreement is entered into effective *May 12, 2004*, at 7:00 A.M. among CAMWEST LIMITED PARTNERSHIP, an Arkansas limited partnership, with an office at 1825 Lawrence Street, Suite 300, Denver, Colorado 80202 (hereinafter referred to as "Seller") and SAVANT RESOURCES LLC, a Colorado limited liability company, with an office at 730 17th Street, Suite 410, Denver, CO 80202-3510, KIRKWOOD OIL & GAS LLC, a Wyoming limited liability company, with an office at 120 South Durbin, PO Box 3439, Casper, WY 82602, STEVEN C. KIRKWOOD, an individual, with an address at 1715 Brookview Drive, Casper, WY 82604 and EVERTSON EXPLORATION LLC, a Wyoming limited liability company, with an office at PO Box 397, Kimball, NE 69145 (hereinafter referred to collectively as "Buyer"), and is based on the following premises:

RECITALS

A. The Seller and Buyer entered into a Purchase and Sale Agreement dated December 19, 2003, for certain oil and gas properties and related interests in Fremont County Wyoming, including the Lander Oil Field and the Winkelman Dome Oil Field, and the Purchase and Sale Agreement was amended on February 27, 2004, and on May 10, 2004 (the "Purchase and Sale Agreement"); and

B. Certain aspects of the operations of injection wells and production wells, NPDES discharge permits, and other operations at the Lander and Winkelman Dome Oil Fields are the subject of a proposed consent decree in Civil Action No. _____, United State District Court, District of Wyoming (the "Consent Decree"); and

C. Exhibit L to the Purchase and Sale Agreement allocated between the Seller and Buyer the responsibilities under the draft Consent Decree being considered at the time of the Purchase and Sale Agreement; and

D. The proposed Consent Decree has been revised since the date of the Purchase and Sale Agreement, and in connection with the Consent Decree the Seller and Buyer wish to amend Appendix L to the Purchase and Sale Agreement to more fully reflect the terms of the Consent Decree and to clarify the responsibilities of the Buyer and Seller under the Consent Decree; and

E. The purchase and sale of the Lander and Winkleman Dome Oil Fields occurred in two phases, with the first phase being effective on May 12, 2004, when the Buyer assumed full physical and operation control of the Lander and Winkleman Oil Fields, and on June 14, 2004, on which date the transfer to the Buyer of the injection wells at the oil fields was completed.

F. This Agreement is being made for the purpose of implementation of the Consent Decree in Civil Action No. _____, United States District Court, District of Wyoming, and the Buyer and Seller intend that it will become effective only upon entry of the Consent Decree.

In consideration of the foregoing recitals and the mutual promises and obligations set forth below, the Seller and the Buyer agree on the following allocation of responsibilities for implementation of the requirements of the Consent Decree.

1. Consent Decree, Part V, COMPLIANCE AND MONITORING REQUIREMENTS

1.1 The responsibilities for compliance with paragraph 12 of the Consent Decree, entitled "Safe Drinking Water Act," are allocated as follows:

(a) Identification of Wells

- (i) Seller is responsible for the certification of Appendix 2 to the Consent Decree as of the date it signs the Consent Decree. Buyer is responsible for providing Seller and the EPA with notice of any change in status of an injection well after May 12, 2004, at 7:00 A.M. (the "Effective Date") and before the entry of the Consent Decree.
- (ii) The term Effective Date as used herein means May 12, 2004, at 7:00 A.M., and is not the same date as the "Effective Date" as defined in the Consent Decree.
- (iii) Seller is responsible for the cost bringing into compliance any injection well that was not in compliance with the Underground Injection Control Program under Part C of the Safe Drinking Water Act ("UIC Program") on or before the Effective Date for Allocation. This includes the cost for Winkleman Dome Injection Well Numbers 74, 84, 93, 101, 114, 119, 133, and 302, including compliance with the UIC Program by a successful mechanical integrity test or other necessary remedial measures. Buyer is

responsible for all other compliance with the UIC Program after the Effective Date.

- (iv) Following the effective date of the Consent Decree, Buyer is responsible for notifying the EPA of any proposal to plug and abandon an injection well, to convert an injection well to a non-injection well, and any change in status of any Shut-In or Temporarily Abandoned Well in accordance with the requirements of the Consent Decree.

(b) Applicable USDW-MIT Requirements at the Oil Fields

- (i) Seller is responsible for certification of Appendix 3 as of the date it signs the Consent Decree. After the Effective Date, and prior to entry of the Consent Decree, Buyer must promptly notify Seller of any change in the mechanical integrity testing requirements for any injection well, including any injection wells that have temporarily ceased making injections. Buyer is not required to provide such notice as to Winkelman Dome Injection Wells Number 74, 84, 93, 101, 114, 119, 133 and 302, until Seller has brought those wells into compliance with the UIC Program as described in paragraph 1.1 (a) (ii), above.
- (ii) On or before the Effective Date, Seller shall notify the EPA, and after the Effective Date, and prior to entry of the Consent Decree, Buyer will notify Seller and the EPA of any change in injection well configuration that would cause a change in the mechanical integrity testing requirements, including providing a revised Appendix 3 that reflects the new requirements.
- (iii) On or before the Effective Date, Seller, and after the Effective Date, Buyer must operate the oil fields in compliance with the mechanical integrity testing requirements of Appendix 2, including any revisions, and all other applicable UIC Program requirements in the SDWA and 40 CFR Parts 144, 146, and 147.
- (iv) Prior to June 14, 2004, Seller, and after June 14, 2004, Buyer may not convert an injection well into a Production Well without prior EPA approval in accordance with the requirements of the Consent Decree.

- 1.2 The responsibilities for compliance with paragraph 13 of the Consent Decree entitled "Clean Water Act," are allocated as follows:

Seller will make the certifications required concerning:

- (a) The Automated Alarm System installed at the Winkleman Dome Oil Field;
- (b) The drain line systems at the Winkleman Dome Oil Field;
- (c) The system of five safety pits and related berms installed at the Winkleman Dome Oil Field;
- (d) The improvements to the main sump below the first skim pit (wood pit) at the Winkleman Dome Oil Field; and
- (e) The installation of piezometers and river stage measurement devices for the Popo Agie River Seep.

- 1.3 Popo Agie River Seep at the Lander Oil Field. Seller will be responsible for conducting the activities described in sub-paragraphs 13(e)(i)B(iv) of the Consent Decree. Buyer will permit Seller access to the Lander Oil Field for purposes of carrying out these activities. Seller and Buyer will work cooperatively in the preparation and submission of a corrective action plan for remediation of the oil seep into the Popo Agie River. The cost to the corrective action plan shall be borne by the Seller.

2. Consent Decree, Part VI, OPERATION, MAINTENANCE, AND REPORTING REQUIREMENTS

- 2.1 The responsibilities under Part VI of the Consent Decree are allocated as follows:

- (a) Paragraph 14. On or before the Effective Date, Seller, and after the Effective Date, Buyer shall conduct daily visual inspection at the oil fields of the surface overlying the skim pit drain lines, the skim pit intake and outflow areas, including the drains, siphons, sumps, pumps, and all other facilities used in connection with the National Pollutant Discharge Elimination Systems permits ("NPDES") and shall conduct debris removal or de-silting of outflow areas as needed. Seller shall repair or

replace all damaged skim pit drain lines or line segments at the two subject oil fields in accordance with the Consent Decree. After the Effective Date, and the completion by Seller of the repair and replacement of lines and line segments as required by the Consent Decree, Buyer shall be responsible for maintaining the drain lines at the two subject oil fields in accordance with the Consent Decree.

- (b) Paragraph 15. On or before the Effective Date, Seller, and after the Effective Date, Buyer shall operate, maintain, and inspect the safety pits at the oil fields in accordance with 40 C.F.R. 12.9(b)(2) and all other applicable regulations, and shall conduct all repairs, as needed, and shall make repairs in accordance with the Consent Decree.
- (c) Paragraph 16. On or before the Effective Date, Seller, and after the Effective Date, Buyer shall operate and maintain all sumps and line tie-ins associated with its NPDES permits in a manner consistent with good operation and maintenance practices, including quarterly inspections for accumulated debris and sediment, structural damage, and parting of piping from the manhole riser, and prompt completion of all necessary repairs in accordance with the Consent Decree.
- (d) Paragraph 17. Beginning with the first quarter after the entry of the Consent Decree, Seller will within thirty (30) days after the end of each calendar-year quarter (*i.e.*, by April 30, July 31, October 31, and January 31), submit to EPA a Status Report that shall identify all activities conducted on the seep near the Popo Agie River during the preceding quarter and all such activities proposed for the following quarter. Buyer will be responsible for this reporting once the corrective action plan contemplated by the Consent Decree has been approved by the EPA and Seller has completed the work required by the plan.
- (e) Paragraph 17. To the extent not already provided to EPA, each Quarterly Status Report shall also include documentation confirming the plugging and abandonment, MIT, or reworking operations at any injection well during that same quarter. Buyer will be responsible for providing this Quarterly Status Report information to the EPA after the Effective Date.

3. Consent Decree, Part VII, COORDINATION WITH THE TRIBES

- 3.1 The Seller is responsible for coordination with the Tribes on all matters under the Consent Decree that Seller is responsible for after the Effective Date, including, but not limited to, the Supplemental Environmental Project under the Consent Decree. The Buyer is responsible for coordination with the Tribes on all matters that Buyer is responsible for under the Consent Decree.

4. Consent Decree, Part VIII, COORDINATION WITH THE BLM AND BIA

- 4.1 Seller is responsible for coordination with the BLM and BIA on all matters under the Consent Decree that Seller is responsible for after the Effective Date. The Buyer is responsible for coordination with the BLM and BIA on all matters under the Consent Decree that Buyer is responsible for after the Effective Date.

5. Consent Decree, Part IX, CIVIL PENALTIES

- 5.1 Seller is responsible for civil penalties stated in Part IX of the Consent Decree.
- 5.2 Seller and/or BP America Production Company (f.k.a. Amoco Production Company) are responsible for all fines and civil penalties under the Consent Decree for their violations of Environmental Laws.

6. Consent Decree, Part X, FINANCIAL RESPONSIBILITY REQUIREMENTS

- 6.1 On or before June 14, 2004, Buyer shall maintain adequate financial responsibility to plug and abandon all injection wells as required by 40 CFR Parts 144 and 146.

7. Consent Decree, Part XI, SUPPLEMENTAL ENVIRONMENTAL PROJECTS

- 7.1 Seller is responsible for any Supplemental Environmental Projects under the Consent Decree.

8. Consent Decree, Part XIX, RECORD KEEPING

- 8.1 On or before the Effective Date, Seller, and after the Effective Date, Buyer shall maintain copies of any reports, plans, permits, and documents submitted to EPA pursuant to this Consent Decree, including any underlying research and data, for a period of five (5) years from date of submission. Seller or Buyer, as applicable,

will also require any independent contractor operating any portion of the facilities subject to the Consent Decree or implementing any portion of this Consent Decree to retain such materials for five (5) years from date of submission. Seller and/or Buyer shall submit this supporting documentation to EPA upon request.

8.2 In addition to the reports and documentation required to be provided under the Consent Decree, Seller shall be responsible for generating and providing any analytical data or document requested by the United States to review work done or to be done by Seller to determine Seller's compliance with the terms of the Consent Decree in the event Buyer is not required to generate or maintain such data or document by this Agreement or applicable Environmental Laws. Seller shall provide Buyer with copies of all records created by the Seller that Buyer is required to maintain under the terms of the Consent Decree.

8.3 Buyer shall notify EPA ninety (90) days prior to the disposal or destruction of any such records and shall, upon request, deliver such records to EPA prior to their disposal or destruction.

9. The terms of this Agreement may be modified only by written agreement signed by the parties to this Agreement. If the Consent Decree is modified pursuant to the provisions of paragraph 76 of the Consent Decree, the Buyer's obligation under this Agreement will not be modified absent a written amendment to this Agreement signed by the Buyer and Seller.

This Agreement supersedes Exhibit L to that certain Purchase and Sale Agreement between the parties dated December 19, 2003. This Agreement is effective only upon the entry of the Consent Decree in Civil Action No. _____, United States District Court, District of Wyoming.

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year set forth below, but effective as of the date on which the Consent Decree is entered in Civil Action No. _____, by the United States District Court, District of Wyoming.

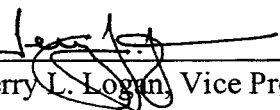
Dated this 2nd day of June, 2005.

(Signatures on following page)

SELLER:

CAMWEST LIMITED PARTNERSHIP

By CamWest Inc., general partner

By: 
Terry L. Logan, Vice President

BUYER:

KIRKWOOD OIL & GAS LLC


By: 
William C. Kirkwood, Manager


STEVEN C. KIRKWOOD

SAVANT RESOURCES LLC

By: 
Patterson Shaw, Manager

**EVERTSON EXPLORATION LLC, by
EVERTSON MANAGEMENT INC.,
GENERAL PARTNER**

By: 
Bruce Evertson, President